



The process of hybridization in a for-profit company

The case of Symington Family Estates

Maria Leonor Lobo Xavier
152118282

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Abstract

Title: The process of hybridization in a for-profit company: the case of Symington Family Estates

Author: Maria Leonor Lobo Xavier

For-profit organizations increasingly recognize the need to redesign their businesses in an effort to accomplish more than simply maximizing revenue, desiring a hybrid identity that aligns profit with social/environmental purposes. This study aims to demonstrate how a for-profit can engage in a process of hybridization – the undertaking of necessary actions to integrate social/environmental concerns into the organization’s core. Building on existing literature, the reader will move from theory to practice through an analysis of Symington Family Estates (SFE), a renowned 137-year-old family business, port wine and Douro wine producer and certified as a B Corporation, making it a sound company upon which to conduct this analysis.

Particularly, the analysis focuses on the process of design and implementation of Corporate Social Responsibility (CSR) supported by Corporate Identity (CI), which enables that CSR becomes an integral part of the company’s CI, guaranteeing its place at the heart of the business. Additionally, it shows how B Corporation membership not only allows further development of CSR mission, but also improves its establishment in the company’s identity.

This study can assist managers who intend to pass through a similar process by offering a multi-step process analysis, transversal to the whole company. It allows the guidance of the decision-making process toward more coherent choices in the direction of hybridity, based on a real-life example that provides meaningful insights on the matter. Indirectly, SFE passed through the stages present in the theoretical models, to reach a point where its business is used as a force of good.

Keywords: Process of hybridization – Corporate Social Responsibility – Corporate Identity – B Corporation - Symington Family Estates

Sumário Executivo

Título: O processo de hibridização de uma empresa com fins lucrativos: o caso de estudo da Symington Family Estates

Autor: Maria Leonor Lobo Xavier

Progressivamente, empresas reconhecem a necessidade de reformular os seus negócios para que façam mais do que procurar unicamente o lucro, desejando uma identidade mais híbrida que alinhe lucro com propósitos sociais/ambientais. Este estudo pretende demonstrar um caminho possível para que uma empresa com fins lucrativos ingresse num processo de hibridização, mais precisamente nas ações necessárias para integrar preocupações sociais/ambientais no centro da empresa. Baseado na literatura existente, o leitor passará da teoria para a prática analisando a Symington Family Estates (SFE), uma prestigiada empresa familiar vinícola com 137 anos e certificada como uma B Corporation, tornando-a uma empresa estimulante para fundamentar este estudo.

Esta análise concentra-se no processo de conceção e implementação de Responsabilidade Social da Empresa (RSE) suportada pela Identidade Empresarial (IE), permitindo que RSE se torne sua parte integrante, garantindo o lugar da RSE no coração da empresa. Além disso, este estudo mostra como a categoria B Corporation permite um desenvolvimento progressivo da missão de RSE, assim como reforçar a sua integração na identidade da empresa.

Este estudo pode auxiliar gestores que pretendam passar por um processo semelhante, oferecendo uma análise faseada do mesmo, transversal a toda a empresa. Permite orientar empresas para tomadas de decisão mais coerentes com o seu desejo de hibridização, com base no exemplo de uma empresa que passou por esse processo, fornecendo informações relevantes sobre o assunto. Indiretamente, a SFE passou pelas diferentes fases presentes nos modelos teóricos, até ao ponto em que o seu negócio é utilizado como força para o bem.

Palavras-chave: Processo de hibridização - Responsabilidade Social da Empresa - Identidade Empresarial – B Corporation - Symington Family Estates

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List of Abbreviations

| | |
|--------|---------------------------------|
| B Corp | B Corporation |
| CI | Corporate Identity |
| CSR | Corporate Social Responsibility |
| SFE | Symington Family Estates |

1. Introduction

Several types of hybrid organizations have arisen over time, furthering the complexity of these organizations and the associated definition. Broadly, hybrid organizations aim to create synergies among sustainability-focused and finance-oriented objectives by addressing a social/environmental matter through commercial activities, and thus combining traits from traditional non-profit and for-profit companies (Doherty, Haugh, & Lyon, 2014).

Among the several categories of organizations in the hybrid spectrum, for-profits can also develop the commitment of using business as a force of good. As Stephan et al. (2016) explained, for-profit organizations can integrate positive social change within their core activities, and that change must be translated into a strong social/environmental mission embedded in a balanced company identity. With hybrid organizations emerging in several sectors, increasingly for-profit companies are now recognizing how their businesses can be designed with new dimensions to further address social responsibility, thus engaging with hybridization processes to root these elements in their organizations (Holt & Littlewood, 2015). In this regard, certified B Corporations (B Corp) arose as a growing cluster of hybrids *“that meet the highest standards of verified social/environmental performance, public transparency and legal accountability to balance profit and purpose.”* (B Corporation, 2019a), with distinctive members such as Patagonia, Alessia or Danone.

This dissertation intends to focus on understanding the process of hybridization of a for-profit company, primarily through the analysis of the necessary actions a company must take to incorporate social/environmental concerns within its core. Particularly, this study addresses a for-profit becoming a B Corporation, and how implementing Corporate Social Responsibility (CSR) supported by Corporate Identity (CI) ensures CSR long-term commitment and integration at the heart of the business, further enhanced by B Corporation certification. For the purpose of this study, social responsibility and sustainability were used as interchangeable terms to represent social and environmental purposes.

To do so, this study uses the Symington Family Estates (SFE) – a Portuguese-based company and leader in producing premium ports and wine – as a case study. In recent years, the desire for a more sustainable wine industry (an industry with strong environmental impacts) has become more prevalent (Knight, Megicks, Agarwal, & Leenders, 2018). The change towards a more environment-friendly industry continues to manifest, with several wine producers implementing practices that reinforce sustainable development in the sector (Appendix 1).

Regarding Symington, sustainability became rooted in its identity over time, oriented to meet stakeholders' shared expectations, as well as the welfare of the local regions and communities where the company develops its economic activities (Symington Family Estates, 2019b). As a result of its strong social/environmental commitment, the company was certified as a B Corporation. This study aims to understand how the company reached this stage where social responsibility is at the heart of the business. In light of this, the following teaching questions are addressed:

1. How was SFE's process of hybridization carried out?
2. What was the role of B Corp certification in SFE's identity?

Both primary and secondary data, as presented in Figure 1, were used for qualitative data collection, aiming to have an in-depth understanding of SFE's behavior in its process of hybridization. To develop the case study, semi-structured interviews were conducted with relevant representatives of the company to reach an internal view of the process. The interviewees broached all the subjects desired, alongside adding valuable inputs for this study. External and public data were also analyzed to gather additional relevant information about the company and industry.

| Data Collection Table | | |
|---|--|--|
| Source | Subject | Objectives |
| 6 Interviews with relevant representatives of SFE | Rob Symington – Head of Sustainability and Communication (via Phone, Personal and E-mail). | General understanding of the company's hybridization process and management perspective. |
| | Cristina Tomé – Head of Human Resources (via Personal and E-mail). | Understand the company's hybridization process from a social perspective. |
| | Marta Mendes – Environmental Manager (via E-mail). | Understand the company's hybridization process from an environmental perspective. |
| Internal Documents | Reports and strategic documents regarding SFE and its social responsibility. | Relevant documents for a thorough analysis of the company's behavior towards social responsibility, such as its sustainability blueprint, sustainability strategy development and implementation, and SFE's positioning. |
| Webpage Articles and Public Documents | SFE's website, Online articles, Industry reports. | Gather relevant information about SFE; Analysis of the wine industry, as well as its trends regarding sustainability. |

Figure 1: Primary and secondary sources

The following chapters include SFE's case study (with the necessary information for its interpretation), as well as a comprehensive literature review that provides a better understanding of a possible company hybridization process, contributing to the identification of solutions for assignment questions.

Finally, Teaching Notes aim to help answering the addressed questions using conceptual frameworks and analytical tools, in addition to valuable recommendations for effective use of the case in the classroom. The Conclusion chapter summarizes the analysis developed and practical relevance of this study.

2. Case Study

“We are an older company, not an old company.”

(Rob Symington, Head of Sustainability and Communication)

SFE is a 137-year-old family business and the world’s leading producer of premium Port wine, the leading vineyard owner in the Douro Valley and one of the top Portuguese wine producers. *What is the secret for surviving so many years?* Prioritizing quality, thinking long-term, looking after its land and community, while constantly adapting to new realities, which pushed the company’s self-image away from regular just for-profits. It had a growing desire to redesign its business to do more than just make money, to root social responsibility in its purpose. CSR was not new in the wine industry (see Appendix 1), an industry capable of highly affecting and be affected by both society and the environment (more information of the wine industry in Appendix 2). And if it wanted to last as a leader, SFE was aware of the urgent need for reducing its negative impact in the world, alongside finding ways to positively affect it.

According to top managers’ views, something was missing to deepen this commitment. For it to be achieved, an enhanced version of SFE was required: not only to build on tradition and heritage, but also to be fueled by developing a more responsible business for future generations. Hence, SFE decided to engage in a process of hybridization. Though it was challenging, with a clear roadmap to follow that formalized and established social responsibility in the company, that path seemed possible.

SFE was later recognized for its superior social/environmental standards, by being certified as a B Corporation by the non-profit organization B Lab, standing alongside renowned businesses for their bond to social responsibility, such as Patagonia and Ben & Jerry’s (B Corporation, 2019a). Being a B Corp was far more to SFE than a recognition: it represented an incentive to keep improving every time to recertify. B Corp would work as a baseline for Symington to systematically transform itself regarding sustainability, deepening this commitment.

2.1.Symington Family Estates

“A family who fell in love with a country, a region, its people and its wines and who committed themselves to its future...”

(Retrieved from document provided by SFE)

In 1882, after arriving in Oporto, Andrew James Symington spread the seed that would transform into a long-lasting business (Symington Family Estates, 2019c). He started working in the port sector and soon married Beatrice, whose family had a powerful connection to the industry since the 17th century. After sharing management with the Warre family for half a century, his family became the only owners of both Warre's and Dow's ports. The family traveled to the Douro Valley frequently where they developed a huge sense of love and commitment to the land and its community, making improvements in the region that prevail to this day. The values that guided the founder were made sure to be passed on to future generations, particularly to family members joining the business, so that each one of them could leave their mark and make it more prosperous. Their perseverance during hard times started bearing fruits in the 60s, marked by a period of growth in Europe and particularly in SFE, leading to the acquisition in the 70s of one of its most prestigious brands: Graham's. While the third generation was vital not only for the business but to the rise of the whole port wine industry around the world, the fourth generation made some relevant acquisitions that diversified Symington's portfolio, entering in the wine market and tourism in the Douro Valley, besides reinforcing Symington's position as a leader producer of premium ports. Symington's youngest generation, the fifth, currently focuses on the company's commitment to the future, preparing and adapting it for future challenges and opportunities to support a healthy, livable future.

As for today, the company's traditional values are still a foundation piece for everything to build on top of it and to move the company forward (see Figure 2).

| | | |
|---|---|---|
| <p>RESPECT</p> <hr/> <p>We care for our people, our farmers, our suppliers and our customers. We treat all people equally.</p> | <p>PASSION</p> <hr/> <p>We are passionate about our work, our products and our regions and we take pride in all that we do.</p> | <p>EXCELLENCE</p> <hr/> <p>We are dedicated to being the best in all areas of our activity, constantly learning, improving and innovating.</p> |
| <p>STEWARDSHIP</p> <hr/> <p>We work to protect and conserve our cultural, social and environmental heritage, taking responsibility for our impact.</p> | <p>LEADERSHIP</p> <hr/> <p>We aim to be pioneers in our sector, we act with integrity and we take bold decisions to achieve our goals.</p> | |

Figure 2: SFE's Values (Symington Family Estates, 2019d)

SFE holds 26 vineyards across regions and a wealth of terroirs, alongside 9 wineries – amounting to 1024 hectares – making it the owner of more prime quality vineyards in the Douro Valley than any other producer, besides owning the largest area of certified organic vineyard in Portugal (Symington Family Estates, 2019e). With the desire of expanding its expertise, SFE recently bought another vineyard in Alentejo. All are managed under sustainable viticulture, integrated production management and organic viticulture. The Douro winemaking is complemented by experienced tasters and infrastructures in Gaia, the Gaia Lodges, available for visits – housing valuable stocks of port in seasoned oak casks and vats. Moreover, SFE is the only company that still possesses its own cooperage and a full team of skilled coopers, vital for port wine aging.

SFE's ports and wines outperformed all other port producers at the major wine competitions for the last 30 years. The company owns four brands of port – Cockburn's, Graham's, Dow's and Warre's – together with four brands of Douro wine – Quinta do Vesúvio, Quinta do Ataíde, Altano and P+S, the latter being a joint venture with the Prats family of Bordeaux, producing both Chryseia and Post Scriptum – and its infant – the Alentejan wine from Quinta da Fonte Souto (Symington Family Estates, 2019f). SFE manages its distribution companies, having Fells in the UK, Premium Port Wines in the USA and Portfolio in Portugal, together selling wines in over 100 countries around the world. SFE remains the top seller of premium categories of Port, reaching in 2018 a turnover of €92,000,000 (Carvalho, 2019).

Additionally, the company and family members were distinguished for their commitment to excellence and long-term devotion to the Douro Valley (Symington Family Estates, 2019a). Paul Symington (former Chairman and joint Managing Director), was recognized for his devotion to Douro and port, by being awarded in 2015 by the President of Portugal the Order of Merit (*Grande-Oficial*). Recently, in 2019, the University of Trás-os-Montes e Alto Douro also granted him the title of *Doutor Honoris Causa*, for his role in the success, progress and internationalization of the Douro region, alongside his passion for the local community, having had an active role in diminishing its poor socioeconomic conditions (Carvalho, 2019). After many recognitions, the ultimate badge of honor occurred in July of 2019, when SFE was certified as a B Corporation, which embodied a significant step towards becoming a more sustainable business.

2.1.1. SFE's Process of Hybridization

Rob Symington, the first from the fifth generation to join the family business in 2016, was an experienced entrepreneur himself, who founded one of the first B Corporations in the UK, giving him important tools and the necessary knowledge of the process, frameworks and associated value. At the time, his family was aware of the fact that he had such knowledge, combined with the desire to push Symington towards social responsibility, to define a blueprint to follow and a clear strategy, transversal to the whole company. For this process to happen, top levels support and consensus regarding sustainability was vital, since it was quite demanding, time-consuming, required investments and implied changing fundamental aspects of the business.

He became the Head of Sustainability and Communication in 2017 and started working on placing sustainability at the forefront. For SFE, sustainability is about stewardship. As a wine business, SFE follows a long-term orientation, paying great attention to both the state of the environment and the health of local communities, while being caretakers of a business for future generations.

2.1.1.1. Why social responsibility at SFE?

Both external and internal drivers led Symington to rethink its sustainability position. Firstly, pressure was arising in its whole value chain, from farmers to producers, to SFE's customers that sell to end consumers. With consumers increasingly expecting brands to behave ethically and responsibly, accordingly to a set of values and beliefs, there is a need for brands to define their purpose and guidelines for social responsibility in accordance to their businesses, as they are expected to have an active role in more sustainable lifestyles (Adams, 2018; Townsend, 2018). Several studies provided evidence that consumers prefer to buy from purpose-driven companies that also share their values (Meaningful Brands, 2019; Adams, 2018), as well as showing financial and growth benefits associated to these companies (Curtin, 2018; Keaney, 2016). For this reason, retailers have now higher expectations and requirements that suppliers such as SFE must meet. Relatable to this, sustainability became a worldwide theme, with no exception in the wine industry (see Appendix 1), offering SFE an opportunity to understand how it could position itself as differentiated among players. Additionally, Rob mentioned how this process facilitated the company's preparation for the future, creating resilience to face potential challenges and risks. Trends that the world is facing in this century – such as climate change (that affected Portuguese wine production in 2018 – Appendix 2), the possible end of

cheap fossil fuel energy and the uncertainty of political and economic forecasts – can impact all industries. Focusing on the wine industry, it urges in the need to invest in energy efficiency and generation, to develop a climate change adoption strategy and to reinforce bonds with local regions and communities, as Marta Mendes, SFE’s Environmental Manager, also agreed: *“SFE complemented the production of excellent wines with improving the conditions and relationships of those who collaborate with us – internally and externally – and by identifying mitigation measures of impacts on the environment, our local communities and the ability to continue producing wines”*.

All interviewers stated how SFE built high ethical principles over time, that remain in its DNA since its founding until today, reflected in its values and guiding its sustainability path. The company always had a responsible mindset, leading it to *“desire taking a proactive and not reactive position regarding the Douro valley and its community”* mentioned by Cristina Tomé, SFE’s Head of Human Resources.

2.1.1.2. The 6 pillars of the Sustainability Blueprint

First, it was important to define the key stakeholders that SFE’s sustainability practices would embrace. The company has several stakeholders engaged in its business: from shareholders to suppliers (grape farmers, packaging suppliers, transportation partners, other service providers), employees (full-time and seasonal workers), local community, customers (importers/distributors, retailers, on-trade), end consumers, institutional partners (Port Wine Institute, other institutional bodies, regulators and universities), media (wine media, broader media) and port and wine competitors. Regarding social responsibility, suppliers, to be able to optimize supply chain, employees, who now seek for organizations with positive values that care for people and planet, local community, whose support Symington depends on for raw materials and many other services, and customers, as they increasingly expect suppliers to meet a wide range of standards (partially driven by end consumers preferring purpose-driven brands that demonstrably prove their commitments), were the ones selected.

Subsequently, Symington was able to define what Rob sees as *“an exploration of how we were going to build our sustainability strategy, based on our long-term commitment to the Douro Valley and its community”*: its 6 sustainability pillars (see Figure 3).



Figure 3: SFE's 6 Sustainability Pillars (Retrieved from document provided by SFE)

The chosen areas were based on economic, social and environmental motives and supported by SFE's core values, necessary for the integration of social responsibility into the core business and to assess key stakeholders' needs and other relevant issues. From an economic perspective, SFE aspired to be a respected partner within its supply chain while also maximizing economic and environmental efficiency. Furthermore, responsible production of sustainable high-quality products was essential to provide end consumers excellence in consumer experience. For that, SFE needed to bolster partnerships with its customers based on shared values and long-term sustainability. Socially, with people ranging from farmers to employees in the industry and commercialization, SFE faced challenges due to different labor expectations. With that, SFE was dedicated to being a great place to work and to retain highly committed, healthy and engaged staff. SFE was also committed to create value for society through positive engagement with the communities it interacted with. As for the environment, it represented a challenge for SFE since it was vital for production. Therefore, SFE would reinforce its position as a leader in the wine industry of environmental practices. Identifying its 6 focus areas helped SFE to establish a baseline, with a clear vision and working areas for its blueprint on sustainability.

By defining its focus areas, SFE was also able to audit current and existing activities, measured resource consumption on previous reports to source new ideas and consulted different in-house departments, to set measurable goals within each of the 6 pillars. Furthermore, benchmarking was relevant to understand how the company was currently positioned and how it could adopt a differentiated position, besides creating internal awareness that others were engaging in more responsible businesses too. Names as Torres & Earth, Concha Y Toro, Fetzner, Carlsberg and Jackson Family Wines presented solid examples of companies that integrated sustainability into

their core identities (Carlsberg Group, 2019; Concha y Toro, 2019; Fetzer, 2019; Jackson Family Wines, 2019; Torres & Earth, 2019). They identified a public mission for their sustainability efforts consistent with their mission, vision and values and developed a clear organizing structure for their initiatives, helpful to organize internal operations and to communicate the commitment. Moreover, they assigned budgets and clear responsibilities both to core sustainability teams and to the whole business, along with conducting annual sustainability reports to share internally and externally, essential to root this matter at the foundation of their businesses.

2.1.1.3. Sustainability at the front

“It is not like sustainability is something in the corner, it is now being brought to the center of why we exist.”

(Rob Symington, Head of Sustainability and Communication)

It is clear from Rob’s quote, that embedding sustainability into SFE required placing it at the forefront of its very existence. For this reason, in 2018, SFE decided to alter its mission and vision statements, to align them with the company’s renewed identity and emphasize once more the commitment to a sustainable future (Symington Family Estates, 2019d):

- 1) *“To produce exceptional wines that celebrate and preserve the uniqueness of Portugal and contribute to a positive future for the regions where we work.”;*
- 2) *“We are committed to passing on a stronger, more sustainable family wine company than the one that was entrusted to us.”*

Additionally, a transversal sustainability team was established, aimed at creating a collaborative environment for different SFE’s departments, and composed by the following four cross-company working groups:

- 1) Viticulture and Biodiversity: aiming at promoting sustainable viticulture, adapt to climate change and protect biodiversity;
- 2) Water, Energy and Buildings: aiming at reducing CO2 emissions and increase resources efficiency;
- 3) Packaging and Waste: be leaders in the packaging revolutions and diminish residuals and pollution;

- 4) Team and Community: desire to be a great employer, as well as to contribute to the welfare of local communities.

They were responsible for identifying new ideas and opportunities, conducting reports on previous year's results, ensuring implementation of initiatives and setting next year's objectives, which Cristina considered essential for giving legitimacy and orientation to social responsibility. Marta clarified how embedding sustainability personnel in key departments meant having people whose jobs embrace it and that could spread this understanding throughout the company: *"We all are sustainability. Everyone, in their daily life are part of this process of change from the grape to the client. It is not something that only concerns the environmental team, the HR team or the board"*.

2.1.1.4. SFE Sustainability Strategy

"We are faced by very real, very urgent challenges - challenges that affect the future of all life on Earth. It is our responsibility to adapt how our business operates in order to support a healthy, livable future."

(Symington Family Estates, 2019b)

To develop its sustainability strategy, SFE needed to define its social responsibility as integrated with its business strategy, guaranteeing it could continue to produce premium ports and wines whilst developing a more responsible business for future generations.

Rob emphasized how important it was for SFE that this process was built over the company's culture, which enabled social responsibility consciousness, establishment, and initiatives: *"Our culture relies on a strong sense of pride and loyalty. Focus on quality, leadership, passion for what we do and love for our region (especially the Douro), that benefits from the maturity of many people having worked here for so long"*. Building on that, Marta, who's been in SFE for 12 years, explained how for her this process started long before she entered in the company: *"The family, in each generation, has always been guided by 'do the right thing', both with people and planet. We, the latest in the company, often hear past stories that demonstrate that"*.

After orienting its mission and vision towards social responsibility, a new purpose statement also emerged: *"For the next generations"*. Multiple meanings can be taken from it: firstly, it connects to the family business and the need to prepare the business for the future, creating the link to sustainability since the future relies on a stable climate and healthy ecosystems, together

with the strength and resilience of local communities, employees and farmers. Moreover, several Symington products are to be drunk 50 years from now, showing the product longevity also hidden in its purpose.

2.1.1.4.1. Sustainability Objectives

SFE's sustainability objectives (Figure 4) were built on its focus areas and on what the company has done so far, presenting a clear and simple way of communicating SFE's sustainability focus and progress by combining everything into 3 areas, which was very helpful for the company's messaging.



Figure 4: Sustainability objectives (Retrieved from document provided by SFE)

2.1.1.4.2. Mission 2025

Mission 2025 presents SFE's 10 flagships goals for 2025 (Figure 5), to mobilize the company and establish it as a sustainability leader in the wine market. To achieve them, it will be based on its objectives and continuous progress towards its process of hybridization, always built on the knowledge and experience from the past while moving the company forward.



Figure 5: Mission 2025 – Goals (Retrieved from document provided by SFE)

Rob reflected on how some goals were easier to accomplish. Biodiversity Support and Impact Fund, for example, are already settled and SFE will announce it soon, along with the partnerships established with relevant entities. Energy and water efficiency can also be achieved soon, considering that it is a matter of acquiring more efficient equipment and possibly changing certain human behaviors. As for renewable energy, it involves Capex and bureaucracy, hindering its achievement. Both the Voluntary scheme and the Low-impact winery are in progress. The first will start with a pilot program in 2020 with 20% of SFE's employees and increasing this proportion every year, and the latter, though already in construction, blends high costs with demanding certifications. In both Electric vehicles and reduction of Carbon emissions, the major challenge relies on part of these issues being out of SFE's direct control – currently, there is a lack of available technology in automotive brands for SFE's needs, and 86% of carbon emissions come from its supply chain. Respecting the B Corp certification, it represents a continuous goal, with increasingly demanding recertification being required every 3 years.

Though these goals, SFE knew how improving its impact on society and the environment would lead to many more initiatives outside its current goals, underlining the continuous path and embeddedness of sustainability.

2.1.1.5. Getting sustainability off the drawing board

As social responsibility became more integrated into SFE's identity, the need to internally and externally disclose this commitment increased, also helping the company to be recognized as a sustainability leader. SFE was aware of the fact that it needed to support and prove its values and purpose with real stories and initiatives that would reinforce its mission.

Regarding internal communication, the board of directors started to receive quarterly reports on sustainability, so that it would be evaluated by top levels as other areas in the company (e.g., HR reports, commercial reports, etc.). *"It was important to feel that top levels were also engaged in this process, which helped to legitimize this sense of responsibility in Symington"*, reflected Cristina on senior managers also playing an important role in transferring the sense of commitment to the whole company, as they are human transmitters of SFE's mission, vision and values, most of them still being part of the family, passing on expertise from past generations. For Marta, *"Rob taking the lead in sustainability was essential to formally give the status that sustainability deserves. He belongs to the 5th generation and is part of the company's management. His position was not formalized in the past, it was just a shared matter by all of us"*, highlighting Rob's key role as a catalyst of this process and on internally and externally transmitting Symington's commitment.

It was crucial to ensure that everyone was in consonance regarding SFE's sustainability and essence. As Rob referred, *"It's important that it isn't just 2 people trying to move sustainability forward and wanting it. Symington is a company known for sharing the same values as its employees and that sense of identification transcends to sustainability"*. Considering this, SFE engaged in several internal initiatives to communicate and create awareness of its current sustainability position – sharing relevant e-mails and news about the topic, forums on its intranet, encouraging voluntary work, etc. Also, in the Annual Picnic of 2019, sustainability was the theme. Every employee received flyers regarding SFE's sustainability and got the chance to participate in an idea contest. Among several future initiatives, it intends to install TV screens on common areas to constantly communicate sustainability, besides inviting employees to regularly submit ideas. Appendixes 3 to 6 display some examples.

As to externally disclose, on SFE's website a sustainability micro page was created. There, people had access to a pyramid of information on its sustainability strategy, starting with SFE's purpose statement and explanation, the main 3 objectives and 10 flagship goals, along with its progress on this matter. SFE also used its social media platforms to share relevant news about

its high social/environmental standards and to visually communicate sustainability. A public sustainability report aligned with global reporting standards would also become public, shared with customers, suppliers and press. SFE also updated company presentations to highlight sustainability.

The execution of sustainability reports enables the company to assess its practices regarding this matter, outline improvements and benchmark with key players. Besides, the company is regularly audited by customers and relevant entities to ensure that it follows required quality and ethical standards. To emphasize the strong connection between SFE and its suppliers, SFE audited them to guarantee they were in accordance with the company's high standards. Moreover, the company is certified in several fields, such as quality, safety and environmental compliance, and frequently consults experts to map major risks, possible consequences and opportunities that it might face. The increasingly known B Impact Assessment tool from B Lab was a third-party assessment that SFE also used to assess its impact on many areas – workers, customers, suppliers, community and the environment – verifying the company's performance towards a more responsible business (B Corporation, 2019d).

2.1.1.6. B Corp Certification: formally changing the mindset of SFE

In July of 2019, SFE became a B Corporation, joining the global movement of organizations dedicated to use business as a force of good. The certification appeared as a logical step and remained among SFE's Mission 2025 goals.

Rob led this process, together with the Sustainability Team, starting by meticulously studying the B Corp value for the company (process, costs and necessary changes) to present it to the board for approval. After, the work towards the B Impact Self-Assessment began, combined with efforts to develop in-house awareness about the topic (e.g., Appendix 7), guaranteeing the whole company was on board in this new journey. The company realized that with its current sustainability position it already qualified, with 84 points, and the approval from the B Lab validated SFE's responsible business practices and focus on a sustainable future. Cristina saw it as raising the bar: *“Symington was already recognized for its quality, so aligning quality with a responsible business is something to be proud of, but also demands a high level of commitment and continuous work to do better”*.

For SFE, B Corp is a catalyst for change. As Marta highlighted, *“one of the main objectives was to expose ourselves to an assessment that is governed by the best practices and world*

references, thus achieving a very extensive benchmark". It offers feedback for progressing in many areas, that the company applies to the development of improvement projects. Every year a B Corp plan is produced, tackling the different stakeholders/issues on the B Corp framework with necessary improvements for the company to recertify every 3 years, strengthening the integration of social responsibility into its business and reinforcing SFE's shared value. Additionally, it works as a shortcut to gather and embrace SFE's social/environmental mindset, as it consolidates those concerns in a comprehensive way and provides future guidance. Lastly, Rob and Cristina both demonstrated the expectation that the B Corp transformation will benefit SFE in attracting valuable human resources to the company, as the certification enhances its purpose-driven identity. Although past employees were primarily captivated by its excellence, currently SFE strives to allure individuals in a value-oriented manner, also attracted by its purpose.

"You would expect a company like us to be very traditional and we are in some ways, but actually you don't survive for that long without constantly evolving. B Corp is a vehicle for staying relevant, it's a great roadmap. It's like when you go bowling and they put you the barriers that do not let you stay out of the track."

(Rob Symington, Head of Sustainability and Communication)

Being certified as B Corp played an important role in institutionalizing sustainability on SFE's identity, as it positively affected the company's self-image and hopes to guide its future behavior. When the company self-reflects, it perceives itself differently being a B Corp – not only does it make SFE prouder, but it also shifts the decision-making process to the lenses of *'what would a B Corp do?'*.

2.2.The future looks bright...

Sustainability brought several benefits to the company. From a reputational side, SFE was receiving public endorsement by experts in the area (Clarke, 2019; Robinson, 2019), along with being invited to speak in several sustainability-related conferences. As for customer acquisition and loyalty, customers were satisfied with SFE's social responsibility – since end consumers gradually have more conscious consumptions – resulting in relevant retailers demonstrating their interest in SFE's products. In countries with alcohol monopolies being a certified B Corp also presented advantages to the company. In terms of return on investment, organic wine was

growing faster (Arthur, 2019), returning to SFE the required investment, as well as the energy cost savings that the company noticed from several investments made, such as the installation of solar panels.

For SFE, the future will be based on reinforcing its reputation as the world's leading producer of premium port and as a leading family wine business, alongside further developing its reputation as a sustainability and innovation leader, advocating for necessary change and excellence in the wine trade. SFE is confident about how being a B Corp will push it forward in the pursuit of an increasingly responsible business. Several ideas are now surfacing, about how to continuously develop sustainability while also creating cutting edge business approaches.

3. Literature Review

3.1. Hybrid organizations

Many researchers have studied hybrid organizations as organizations aligning traits of both for-profits and non-profits organizations, generally known for their duality in terms of goal achievement, by addressing simultaneously sustainability-focused and finance-oriented goals (Haigh & Hoffman, 2014; Haigh, Walker, Bacq, & Kickul, 2015; McMullen & Warnick, 2016). The term's complexity has increased, with some companies being more focused on their non-profit traits, others with a more balanced identity, while other companies are more interested in pursuing its economic goals while having social/environmental impact embedded within their mission.

To reflect the complexity associated with hybrid organizations, several legal forms have emerged (Haigh et al., 2015b). In the U.S. for example, companies are able to become a Low-Profit Limited Liability Company (L3C), a Benefit Corporation, a Benefit LL or a Flexible Purpose Corporation. Different certifications have also emerged, such as the one provided by B Lab (Haigh, Kennedy, & Walker, 2015). Consequently, several companies have altered their legal structure.

Researchers have shown how for-profit companies can be strong candidates to processes of hybridization, by having their financial success strongly connected to their social/environmental performance (Kistruck & Beamish, 2010; Stubbs, 2017b). The process of hybridization of for-profits can be done through several channels, such as merger & acquisitions, changing legal structure (Haigh, et al., 2015a), strong and embedded CSR (Battilana & Lee, 2014) and/or third-party certifications (Stubbs, 2017b).

3.1.1. B Corporations

B Corporations are certified companies for meeting the highest standards on society and the environment, which ensures they consider stakeholders' values and expectations (Kim, Karlesky, Myers, & Schifeling, 2016; Moroz, Branzei, Parker, & Gamble, 2018). Moreover, certifications present a path towards purpose embeddedness in for-profit organizations (Villela, Bulgacov, & Morgan, 2019). The difference between B Corporations and Benefit Corporations or Public Benefit Corporations relies on the last two being considered legislated corporate entities in the USA (Moroz et al., 2018).

Due to the third-party entity certification – the non-profit organization B Lab, that ensures members contribute to positive social/environmental change with their businesses – B Corporations have their place in the growing umbrella concept of hybrid organizations, by containing different types of organizations with one shared characteristic: having a social/environmental embedded mission in their businesses (Mcmullen & Warnick, 2016; Stubbs, 2017a). By also considering B Corporation as a business model, it can fill the gap identified by researchers as Stubbs (2017a) in the literature of sustainable business models that align profit and social purpose, as it offers a framework that is suitable for different types of hybrids, not only focusing on social enterprises, the center of attention of hybrid organizations' literature (Haigh et al., 2015b; Stubbs, 2017a). This matters because inside the B Corp category it is possible to observe diverse companies, from social enterprises to for-profit companies already established in the market that redesigned their businesses to also address social/environmental issues (Stubbs, 2017b).

B Lab is in charge of evaluating companies, by providing the B Impact Assessment Test – a tool companies must complete to measure their social/environmental impact where they should achieve a minimum score of 80 points out of 200 points, followed by the confirmation that they meet certain legal requirements (depending on location), essential to become a B Corporation (B Corporation, 2019d). These organizations are verified for their impact on workers, customers, suppliers, community and the environment. With the certification comes an annual fee ranging from \$500 to \$50,000. The last step relies on verifying social/environmental performance, public transparency and legal accountability. With this process, B Lab ensures that members of the B movement live up to rigorous standards, giving the same rigor regarding their social/environmental impacts as they do with their business returns (B Corporation, 2019e), thus defending against greenwashing (Stecker, 2016). Over 3,000 companies, in 150 industries spread by 64 countries around the world, are united by B Corporation (B Corporation, 2019b). Well-known certified B Corps include Patagonia, Ben & Jerry's, Danone and Natura (B Corporation, 2019a). The certification creates a supportive network for these organizations, whilst incentivizing others to follow social/environmental behaviors as well.

Additionally, while scholars as Villela et al. (2019) regarded B Corp more as a badge for strong social/environmental missions than a way to improve that mission, Conger, McMullen, Bergman, & York (2018) reflected on companies having different experiences with B Corp

certification, accepting that for some, an opportunity to improve their social/environmental mission can rise.

Kim et al. (2016) further discussed how B Corp certification helps to root stakeholders' values and expectations in the company's core activities, along with enabling it to be publicly perceived as a hybrid, therefore helping customers to decide on more responsible consumptions. Besides, companies' awareness of their social/environmental impact improved, making them engage in efforts for both reducing their negative impact and increasing positive social/environmental change. Also relevant is the industry where companies operate, and thus the already existing commitment to sustainability.

3.2.CSR

CSR was introduced as peripheral and addressed solely as a response to environmental pressures to protect businesses (Battilana & Lee, 2014). Later on, researchers as McWilliams, Siegel and Wright (2006) changed the CSR approach, defining it as *“situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law”* (p.1). CSR also comes from stakeholder theory, as it is driven by organizations' ethical awareness of their responsibility, for the impact their businesses have on society and the environment, urging the need to strategically integrate CSR (Maon, Lindgreen, & Swaen, 2009). Companies should implement it in a way that integrates and balances stakeholders' needs and expectations (Aguinis & Glavas, 2012; Maignan, Ferrell, & Ferrell, 2005), enabling companies to create value for stakeholders that can be transformed into firm value (Peloza & Shang, 2011). Balmer, Fukukawa, & Gray (2007) identified four key categories of stakeholders regarding CSR: organizational, including employees, customers, shareholders, suppliers and creditors; community, as residents and interest groups; regulatory bodies; media stakeholders and the natural environment, the latter justified by its current rising concerns.

One of the main focal points of management research centered on CSR antecedents that drives organizations to embrace it (McWilliams et al., 2006; Wang, Tong, Takeuchi, & George, 2016). Galbreath (2010) reflected on how strategic mechanisms should be used to link CSR to core business practices and objectives, permitting the alignment between CSR and the company. The researcher identified formal strategic planning as a driver of CSR, by developing rich insights on stakeholders' expectations and needs regarding it, facilitating CSR implementation.

It also recognized organizational culture, as the values, beliefs and shared ways of acting, stating that companies who have humanistic cultures that integrate and are sensible to stakeholders' concerns might explain engagement in CSR. Vallaster, Lindgreen, & Maori (2012) clustered main triggers for CSR as market-based factors, when company's engagement is a response to market needs or stakeholders' expectations and as values-based factors, when CSR results from internal aspirations, efforts and values, normally from a leader/manager or groups inside the company. Building on that, Tourky, Kitchen, & Shaalan (2019) reflected on the need to study the links among internal drivers of CSR, such as organizational culture and values, leader's personal set of values, mission and communications and CSR strategic development and implementation, since CSR must be aligned with core business processes and objectives, essential to maintain a long-term commitment.

Another topic discussed refers to the CSR process – how organizations implement it (McWilliams et al., 2006; Wang et al., 2016). It has received greater attention during recent years, but the need to increase guidance prevails (Maon et al., 2009; Tourky et al., 2019; Wang et al., 2016). Maon et al. (2009) developed a framework that integrated both CSR development and implementation into the organizations' strategy, structure and culture. Another approach developed by Lindgreen et al. (2009) tried to measure CSR practices in companies, leading to the cluster of organizations depending on their CSR practice focus, each with distinctive organizational demographics, perceived influence of stakeholders, manager's perceptions of the influence of CSR on performance and organizational performance. Built on these last two models Tourky et al. (2019) developed an integrative framework for CSR implementation process, with the novelty of incorporating CI to support this process, which ultimately ensures CSR's place at the heart of the business. The framework is later explained in chapter 3.4.1.

3.3. Corporate Identity

CI has been studied/investigated by specialists from several fields (Riel & Balmer, 1997; Simões, Dibb, & Fisk, 2005). Riel & Balmer (1997), while digging into different CI literatures, stressed the value of looking at it from an interdisciplinary perspective – *“the way in which an organization's identity is revealed through behavior, communications, as well as through symbolism to internal and external audiences”*(p. 341) – which was later reinforced by Simões et al. (2005), agreeing that an interdisciplinary view encourages a holistic analysis of CI.

To advance the knowledge on CI from a management perspective, Simões et al. (2005) built on different areas for CI management to reflect visual identity (as the symbols that reflect company's culture and values and its inherent recognition), corporate communication (internal and external, that should be consistent and coherent to support CI), and philosophy, mission and values as the basis of identity, since CI strategically reflects a company's shared values, beliefs and mission, that should be disseminated throughout the organization, reflected on managers and employees behavior.

Further developments on the subject from a strategic perspective, identified CI components such as organization's mission, vision, values and culture as based on strategic choices and how the company intends to express them (Abratt & Kleyn, 2012). Moreover, employee alignment with organizations is seen as essential for companies to develop competitive advantage (Riel & Balmer, 1997). Workers become a mirror of the organization, consolidating and developing organizational culture, which further emphasizes the importance of employees identifying themselves with the organization (Powell, 2011; Simões et al., 2005; Tourky et al., 2019). Senior managers also play an important role in CI, as they have a key role in setting the company's core values, purpose, behavior and culture, besides affecting stakeholders' perception of CI. Internal and external corporate communication also gained relevance, since consistency between communication channels appears as key to build a strong CI, significantly affecting stakeholders' perceptions.

This study adopts the holistic view of CI by Tourky et al. (2019) that define it as the “*set of interdependent characteristics that give an organization distinctiveness, such as its culture, values, mission, senior management and employee behavior, founder and communication*” (p. 2), as seen in Figure 6.

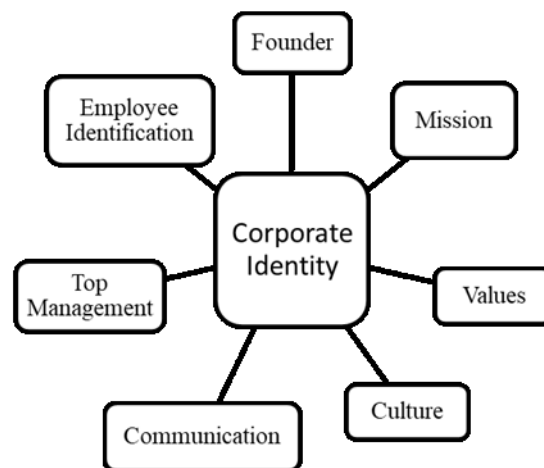


Figure 6: CI Elements (based on CI definition by Tourky et. al., 2019)

3.4.CSR and CI

CSR is perceived as a way to pursue purpose beyond profit (Wang et al., 2016). To have this purpose, organizations must develop solid characters based on appropriate behaviors and practices. Progressively, the image of businesses as social/environmental changers gained relevancy, as they have more to offer than just being generators of financial outcomes, to an increased importance given to nonfinancial, social and organizational outcomes. Therefore, companies must establish a strong ethical identity alongside profit generation (Balmer et al., 2007; Tourky et al., 2019). This allows lining up disciplines as CSR and CI. First, both fields are built on stakeholder theory (Balmer et al., 2007; Pérez & del Bosque, 2012). In fact, companies with an ethical CI organize their businesses accordingly to social/environmental concerns regarding their stakeholders, and make it a significant part of how they position themselves in the market. This goes hand in hand to what Powell (2011) analyzed, explaining that to build an ethical CI, companies should ensure that their identity is truly supported by ethical or CSR principles and that communication, perception, brand positioning and corporate reputation are aligned with those principles. For that, employee commitment and alignment with the organization's identity is essential, making them a key stakeholder in CSR initiatives and their implementation.

Bravo, Matute, & Pina (2012) demonstrated how CSR can be considered part of CI and how that can deepen stakeholders' identification with the company, emphasizing the role of managers to sustain company's values, beliefs and culture and the role of communication to generate a sense of belonging in stakeholders' minds. In organizations with identities deeply connected to ethical and social values, CSR can be perceived as a core aspect of CI.

Moreover, CSR was also considered an effective tool to enhance CI, fostering the need for companies that truly integrate CSR into their identity and in their long-term plan to effectively communicate it (Pérez & del Bosque, 2012). This is of special importance to eliminate misunderstanding or incorrect interpretations, since doubts about the reasons companies engage in CSR can emerge. CSR should then be embedded in an organization's thoughts and actions and should be conceived accordingly to the company's identity, highlighting the importance of aligning CSR strategic orientation with the whole CI.

Even though research on the linkages between the two concepts already received some attention, Tourky et al. (2019) clarified the need to better understand this relationship, studying

how CI can support CSR design and implementation process and how that enables CSR to progressively become an integral part of CI.

3.4.1. Integrative framework for designing and implementing CSR

Tourky et al. (2019) developed an integrative framework for designing and implementing CSR sustained on both strategic and operational elements of CI. The researchers proposed an integrative CSR framework with nine steps underpinned by CI (see Figure 7), identifying the CI elements upon which companies can rely on at different stages of CSR design and implementation, resulting in CSR being institutionalized in CI.

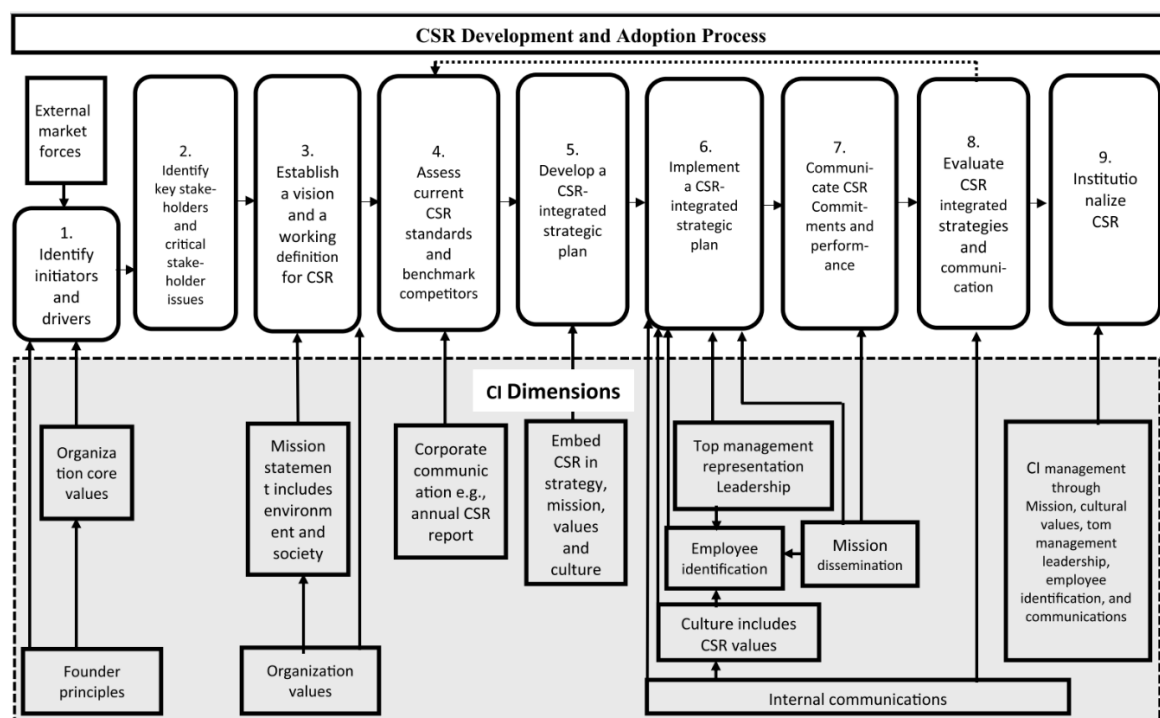


Figure 7: Integrative Framework for designing and implementing CSR (source: Tourky et al., 2019)

From a strategic perspective, CI elements such as the founder, core values, mission and culture enable companies to recognize internal drivers, as well as to establish the vision and working definition for CSR as part of a company's identity. Operationally, communications, employee identification with the company and top management representation and leadership contribute to CSR implementation. The next subsections are dedicated to exploring the nine steps of the process.

3.4.1.1. Identify initiators and drivers

CSR drivers can be perceived as market-based (economic, social and political) (Maon et al., 2009), when CSR initiatives intend to react to external market opportunities and challenges, or as value-based, when they are connected to internal initiators, normally driven by an individual who has an active and key role in orienting ethical principles in an organization. Founders, who themselves aimed at building CI, can be considered an element of it, for their role in strategically defining the unique sets of organizational core values, that eventually encourage CSR initiatives (Tourky et al., 2019).

3.4.1.2. Identify key stakeholders and critical stakeholders' issues

This step comprises the definition of key stakeholders for CSR initiatives (Tourky et al., 2019), so that CSR in the company is aligned with the duties it has with stakeholders that directly or indirectly are affected by its business, that in return provide the necessary elements for the company to function (Lindgreen et al., 2009). At the heart of CSR rests the responsibility towards the company's stakeholders and thus, carefully classifying key stakeholders is important, as well as understanding their main needs and expectations to be satisfied (Maon et al., 2009).

3.4.1.3. Establish a vision and CSR working definition

Companies should work towards establishing a common meaning for CSR, aligned with the company's business and including stakeholders' responsibility, thus incorporating CSR into a wider value-creation agenda (Maon et al., 2009; Tourky et al., 2019). A working definition of CSR includes the motivation behind this commitment alongside the stakeholders or issues that are defining for the organization (Maon et al., 2009). Here, elements of CI enable the alignment between CSR and long-term strategic goals (Tourky et al., 2019). CSR should be supported by organizations' values and mission, cultivating the need to understand values that can potentiate CSR (Maon et al., 2009). Mission statement is also important, able to set behavioral guidelines in the company and essential for CSR design and legitimization when sustainability is incorporated in it alongside economic objectives (Tourky et al., 2019). This confirms the company's responsibility towards its stakeholders. By doing so, it is ensured that CSR is being prioritized and legitimized as part of CI, embedded in company's culture.

3.4.1.4. Assess current CSR standards and benchmarking competitors

An assessment and review of current CSR principles and practices, alongside analyzing external records that relate to the company's CSR initiatives should be performed (Maon et al., 2009). For this, corporate communication can be assessed, such as pertinent internal operative documents (Tourky et al., 2019). This internal audit allows the identification of social/environmental dimensions and impacts of organizational activities, translating the existing corporate commitment to sustainability (Maon et al., 2009). Engaging stakeholders might help to build trust, to better meet their expectations and to promote cooperation. Concerning benchmarking, a company should identify key players in its industry that exhibit strong CSR commitments related to relevant issues for the company and more general issues, alongside examining main competitors' CSR norms and standards to find the best performers and measure the gap between itself and them (Maon et al., 2009).

3.4.1.5. Develop a CSR-integrated strategic plan

To align CSR with the company's agenda, a CSR integrated strategic plan should be developed, supported by CI (Tourky et al., 2019). For that, corporate culture is key, as it represents what is essential and distinctive in the company's character. When consistent, corporate culture drives the business itself, potentially driving CSR activities since it is underpinned by values that influence the company's decision-making. When grounded by founder's beliefs and values that already emphasize sustainability concerns, corporate culture thrives social responsibility, inculcated by leaders and fueled by employee's identification with CI. CSR must then be integrated with the way the company does its business. A long-term CSR strategy should translate values, vision and mission into solid commitments, expectations and guiding principles (Maon et al., 2009). To build supportive structures, forming a CSR team or assigning a CSR senior official can be helpful, alongside improving cross-functional coordination and creating CSR responsibilities in employees.

3.4.1.6. Implement a CSR-integrated strategic plan

For implementation, both managers' and employees' behavior are essential (Tourky et al., 2019). Employees are ambassadors of the company, as they usually represent the interface between company and stakeholders. Thus, employee's identification with organizational values is fundamental, also for them to be motivated and committed to organizational goals, making them engage in the company's CSR initiatives when that identification exists. Ensuring that

they are aware and understand the context and background of the company's CSR strategy is required, for them to be able to implement and feel part of it (Maon et al., 2009). For this to happen, top managers' behavior and leadership play a key role, as they guide and motivate employees (Tourky et al., 2019). They shape CI in a way that they represent and communicate the company's goals and vision, creating an environment that enables employee's identification, hence being determinant for emphasizing CSR as crucial to the company's survival and growth.

3.4.1.7. Communicate CSR commitments and performance

Corporate communication is essential to increase awareness of CSR activities for both internal and external stakeholders, as Tourky and colleagues (2019) indicated. Firstly, it gets employees on board by spreading information about CI, enhancing commitment and sense of belonging through internal communications. CSR information should thus be integrated into the company's internal communication channels, such as newsletters, CSR reports, e-mails and channels that allow employees to express themselves. Secondly, it should be used to publicly inform stakeholders on how the company is meeting its responsibilities, using external channels such as reports on its social/ environmental activities, collateral media and information on its website (Maon et al., 2009). At the center of communication should be the focus on key stakeholders and continuous CSR dialogue (Maon et al., 2009), as well as ensuring coherence between communication and behavior (Tourky et al., 2019).

3.4.1.8. Evaluate CSR integrated strategies and communication

Companies should constantly assess sources of CSR improvement (Tourky et al., 2019). Measurement, verification and reportage should be the basis for the company to be able to evaluate, sustain and improve outcomes. For that, several tools can be used, as annual CSR/sustainability reports, surveys or third-party assessments, allowing stakeholders to note progress and improving transparency and visibility of the company's activities. Involving external auditors may increase rigor, alongside including stakeholders to verify the company's CSR performance (Maon et al., 2009).

3.4.1.9. Institutionalize CSR

For a firm to be able to sustain CSR it must institutionalize its strategy and embed it in its CI, ensuring stakeholders' inclusion (Tourky et al., 2019). Therefore, a long-term CSR orientation

should be so catalyzed by the company's culture values, vision, mission, communication and behavior that, if well applied, becomes part of all these elements, part of what the company stands for and the way it does its business. As stated by Tourky et al. (2019) *"organizations should not treat CSR as a bolt-on when need, i.e. an addition to traditional business models, but as a necessity, planned and integrated into the organization's culture and DNA, institutionalized in the routine of managing organizational values, mission progression, employee identification, representational and value-based leadership and communication"* (p.10-11).

3.5.B Corporations, CSR and CI

Focusing on institutionalizing CSR at the heart of the business, as part of CI, this section intends to explain how that can be boosted through B Corp membership, relating the three literature domains reviewed in the previous chapters.

Battilana & Lee (2014) already deliberated on how for-profits that integrate CSR into their core (not holding it as something peripheral), present hybrid traits by combining business and charity forms, even if at a different level than social enterprises for example. Building on that, CSR has also been considered a form of prosocial organizing, when integrated at the company's core and thus not just approached from a superficial degree (Peredo, Haugh, & McLean, 2018). B Corporations accentuate that, by joining diverse companies – from social enterprises to for-profits – into a global movement advocating the use of business for good (Stubbs, 2017b). Ben & Jerry's, for example, has been studied as an example of how CSR represents an essential element of contemporary businesses practices (Maon et al., 2009; Peloza & Shang, 2011) and validating that, in 2012 it became the first wholly-owned subsidiary to be certified as a B Corporation (B Corporation, 2019c).

Through a focus on social, environmental and economic concerns directed to people, planet and profit, CSR became an integral part of senior managerial agendas (Powell, 2011). Thus, organizations seeking an ethical CI should be in constant reflexivity about their social/environmental situation (Balmer et al., 2007). This implies social connectedness, openness, critical reflexivity and responsiveness to the needs of stakeholders.

3.5.1. Identity control model of prosocial opportunity

Conger, McMullen, Bergman, & York (2018) built on Identity Control Theory and developed a model, as shown in Figure 8, to explain how prosocial organizing may grow through identity reflexivity prompted by category membership. It intends to investigate the different experiences companies may have when trying to join the B Corporation category and following, how that affects the reevaluation of their prosocial opportunities when trying to expand their scope and the outcomes of this process in the pursuit of prosocial opportunities over time. Organizational categories can be used to define and legitimize groups that share similar attributes. Specifically, pro-social categories, such as B Corporation, may present an external validation of the social/environmental commitment established in the company's identity and reflected in good business practices. The following subsections are dedicated to explaining the different stages of the model.

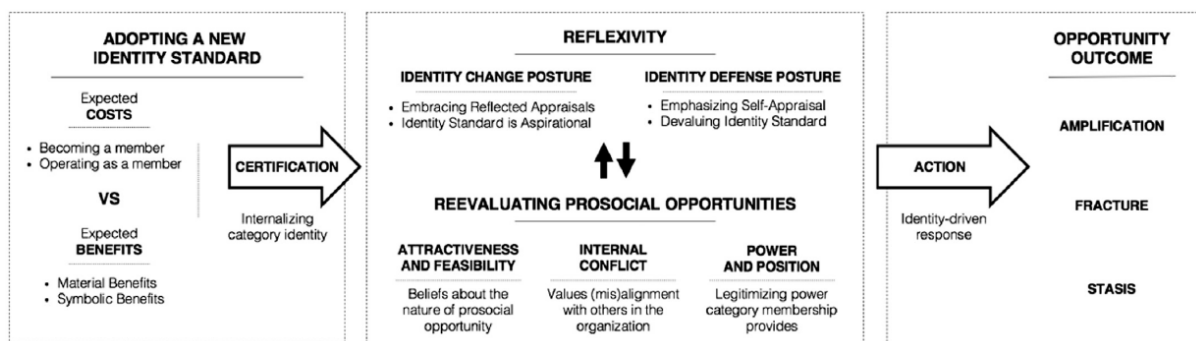


Figure 8: Identity control model of prosocial opportunity (source: Conger et al., 2018)

3.5.1.1. Adopting a new identity standard

Successful B Corp certification can be considered a legit confirmation of a company's prosocial commitment (Conger et al., 2018). The costs and benefits inherent to it should be carefully examined, since the certification is rigorous and resource-demanding, and the commitment to maintain the certification involves long-term implications for firms. It should be assessed if the benefits from taking the certification outperform the necessary costs of not only becoming a member, but also operating as one. Benefits associated with the certification normally have two natures: material and symbolic. Material benefits are related to *"the ability to formalize, integrate and measure the company's prosocial efforts in a meaningful and actionable way"* (Conger et al., 2018, p.186), as well as enabling companies to acquire valuable resources, especially talented human resources. Concerning symbolic benefits, certification represents a

signal of transparency and honesty to important stakeholders, as well as a distinction among players in their industries. Also, the network behind B Corps thrives companies to seek this certification. When certified, two typical routes are taken by companies. While some companies integrate the identity standard inherent to the certification as aspirational in their own identity, others hold it with a more distant approach, separated from who they are. The two paths have different implications in the way companies face disconfirming feedback, explained in the next subchapter.

3.5.1.2. Reflexivity in response to disconfirming feedback

From the B Corp certification process and onwards, companies have access to a pool of feedback, ranging from the B Lab itself to other B Corps and relevant stakeholders, where they might face disconfirming feedback (Conger et al., 2018). B Corporation not only makes companies assess current social/environmental practices, but also awakens them to new opportunities (goals or activities) that they could undertake to further their pursuit of their prosocial ideal, driven by the feedback received. These opportunities may not be new to companies, but the confirmation obtained from the external feedback can make them more receptive to consider those opportunities. However, the extent to which they internalize B Corporation identity as aspirational in their owns tends to affect their posture towards the possibility of identity change. Companies that adopt category identity meanings give higher importance to feedback resulting from the certification and are more willing to reevaluate their prosocial opportunities, whilst others that take it as something external to their identity display a more defensive posture in reevaluating their prosocial opportunities.

3.5.1.3. Reevaluating prosocial opportunities

The extent to which companies reevaluate prosocial opportunities depends, as mentioned, from their posture towards the possibility of identity change (Conger et al., 2018). Nevertheless, other aspects also shape opportunity reevaluation. Firstly, beliefs about the opportunity's viability and attractiveness affect how companies might be willing to reevaluate prosocial opportunities, as the ability to reevaluate them depends on being able to do so profitably. Companies that believe opportunities will sustainably improve their prosocial mission and enhance value creation are more likely to reassess their opportunities than companies that believed changes will harm their prosocial mission and value. Secondly, the potential for intra-organizational conflicts must be assessed, as the alignment between leaders' values and goals and those of

others in the organization might affect whether and how companies reevaluate their prosocial opportunities when in conflict. Lastly, the power and position that category membership offers to firms affect their promptitude to reevaluate prosocial opportunities, as companies that regard category membership as a vehicle to enhance their prosocial mission are more willing to reevaluate opportunities than the ones who see it as inconsequential or even a liability.

3.5.1.4. Opportunity outcomes

Three main outcomes summarize the paths companies can follow after this process (Conger et al., 2018). Companies more open to identity change, alongside reevaluating their prosocial efforts, normally result in prosocial opportunity amplification. Companies that are open to identity change but find that commitment to reevaluate prosocial opportunities is not feasible or attractive, eventually understand that B Corp is not compatible with their identity, thus resulting in prosocial opportunity fracture. Finally, for companies that take on a defensive posture, B Corp category does not present a reason for prosocial opportunity reevaluation, leading, maximum, to modest changes resultant from a pragmatic approach to the feasibility and attractiveness of prosocial opportunities – prosocial opportunity stasis.

4. Teaching Notes

4.1.Synopsis

SFE is a 137-year-old family business, able to produce exceptional ports and wines while also having a long-term commitment to the Douro Valley and its people, leading SFE to feel compelled to embrace its social/environmental concerns and principles as part of the company itself. The case study follows the process by which SFE engaged to get to the point where social responsibility became foundational. It was a multi-stage process, built with the constant support of SFE's identity. Moreover, the company was certified as a B Corporation, moving SFE's social responsibility forward, as it positively affected the company's self-image and guided its future behavior.

4.2.Target Group

The purpose of this case study relies on its in-class-application – as a teaching tool that enables class discussion in management-related Undergraduate-level and Master's-level courses, such as Strategic Management, Business Ethics or other courses related to strategy, CSR and hybrid organizations.

4.3. Learning Objectives

After discussing the case, students will be able to demonstrate how an established for-profit organization can develop social/environmental missions, ultimately establishing such missions as foundational. More specifically, the discussion intends to move from theory to practice, showing a real-life example of how a company can engage in this process, as well as demonstrating how B Corp membership can help to reevaluate and improve those missions, leading to greater integration of CSR in CI. The case study was designed for students to be able to understand this process, more precisely:

- Identify the necessary CI elements for CSR to build on;
- Identify the necessary steps to design, implement and integrate CSR;
- Understand the role of B Corp certification to further CSR mission and integration in SFE's identity.

4.4.Assignment Questions

The following questions intend to further students' managerial knowledge with the discussion of how SFE designed and implemented social responsibility – eventually embedding it in its

identity – based on theoretical concepts and frameworks from literature. These questions were designed to provide a possible path by which a for-profit company can engage in a process of hybridization, covering all the learning objectives.

The assignment questions are the following:

1. How was SFE's process of hybridization carried out?
2. What was the role of B Corp certification in SFE's identity?

4.5. Class discussion

This section intends to guide the instructor into a possible solution for this case study, in a 90-minute class, covering in detail a methodical process of hybridization of a for-profit, as well as the potential enhancement in this process triggered by B Corporation membership. The case, alongside the literature review and teaching questions, should be distributed to students beforehand, providing them the requisite instruments to be prepared.

For the first 15 minutes, the instructor should begin by explaining the hybrid organizations concept, underlining the complexity behind it. A trigger question can start the discussion before getting into the case (i.e., *'How do you believe that an already established for-profit company can redesign its business to pursue both profit and social responsibility?'*). The instructor should then delve into the fact that it depends on the level of integration that the company intends to root these concerns. He/she should then explain (using existing literature) how CSR, when embedded and supported by a company's identity and therefore not being held as secondary, can represent a path towards hybridization. A succinct overview of social/environmental concerns currently faced by the wine industry should be mentioned (Appendix 1 and 2), serving as an introduction to the company. Then follows a brief synopsis of SFE, underlining the key points for an overview of the company before proceeding to the assignments.

4.5.1. How was SFE's process of hybridization carried out?

For the first assignment, the instructor should introduce the two main topics of the literature – CSR and CI – and how these topics are related. In particular, there should be a focus on the CI elements and the CSR institutionalization framework by Tourky et al. (2019). The entire analysis should take approximately 40 minutes.

First, the instructor should advise students to build SFE's CI with its elements that can be found in the case, opening a class discussion. Figure 6 should be used to map them, as demonstrated below in Figure 9, presenting an overview of SFE's CI to facilitate the analysis of its hybridization process.

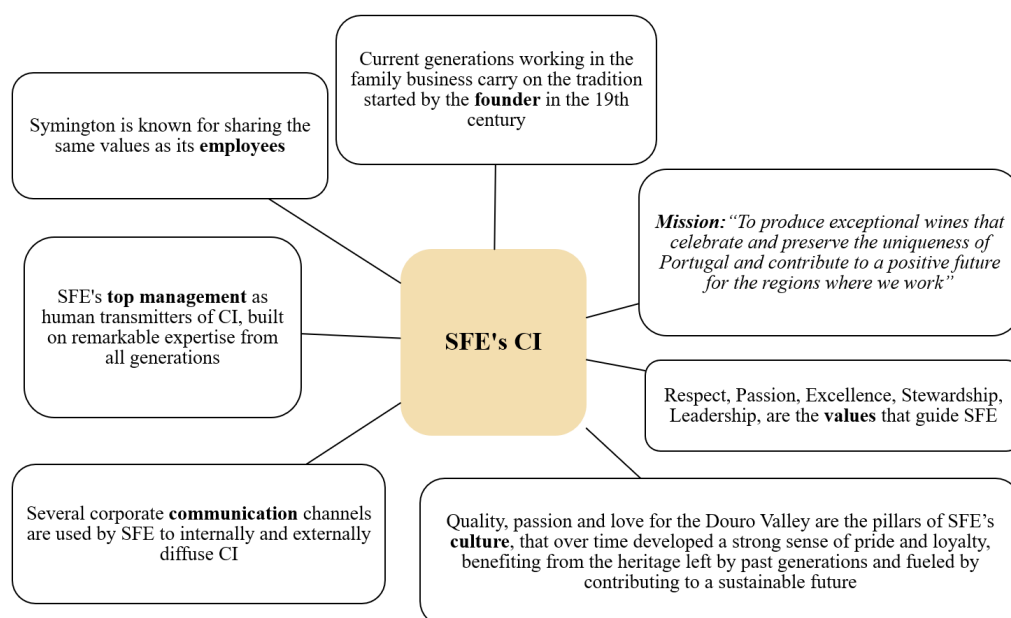


Figure 9: SFE's CI elements

He/she should then briefly present the framework in Figure 7 as a model for-profits can follow, that by catalyzing CSR through CI ensures that social/environmental concerns gradually become integrated at the heart of the business.

The instructor can divide the class into two groups or more (depending on the size of the class) to find how SFE navigated this process, enabling a richer class discussion with the content given by each group to understand the multi-stage process. The last step, CSR Institutionalization, should be steered by the instructor, as it will be the theme opening the discussion for the next assignment. After giving some time for the groups to ponder, the instructor should start the class discussion and intervene when necessary to lead students in the proper direction when falling out of scope, simultaneously enhancing their insights. A possible analysis of SFE's CSR development and adoption process based on CI dimensions is demonstrated in the next subsections and Figure 10.

1) Identify initiators and drivers

Relying on the case, students should be able to find SFE's CSR drivers. Regarding external (market-based) drivers, there was pressure in SFE's value chain to behave ethically and responsibly, along with sustainability becoming a rising worldwide concern in the wine industry, and thus SFE needed to develop resilience to possible future challenges and risks. Internal (value-based) drivers, that drove the company towards CSR, include its responsible mindset embraced since its founding by Andre James Symington until today, reflected on its values – respect, passion excellence, stewardship and leadership – and enhanced by managers such as Rob.

2) Identify key stakeholders and critical stakeholder issues

The instructor should begin by saying that the environment was not considered a stakeholder because SFE did not deem it as one. Regarding its sustainability, SFE defined as key organizational stakeholders' suppliers, in order to optimize its supply chain, employees who increasingly look for companies that share the same values, customers, that increasingly expect suppliers to meet sustainability standards and local community, vital for SFE to develop its activities.

3) Establish a vision and working definition for CSR

Concisely, students should identify the 6 sustainability pillars – supply chain, products, customers, people, society and the environment – as the chosen CSR working areas, which enabled the company to integrate key stakeholders into its working definition and also ensured that CSR was aligned with the whole business by defining it on economic, social and environmental motives. SFE's values as respect, passion and stewardship could also be identified as enablers of these working areas. Students should also mention how SFE further brought sustainability to the front stage with the decision of adjusting its mission and vision statements to bring sustainability to the center of why SFE exists.

4) Assess current CSR standards and benchmark competitors

With the case, students can understand how the company assessed current standards relying on corporate communication (e.g., reports on resource consumption and consulting several in-house departments) to be able to define its sustainability goals based on its working areas. SFE also developed a sustainability benchmark where it found guidelines in solid examples, helpful

for the company to understand how others were approaching sustainability, to assess its current position and possibility to be differentiated, alongside creating internal awareness on how sustainability was an increased concern.

5) Develop a CSR-integrated strategic plan

Students should consider how SFE's CI provided the necessary base for social responsibility to thrive throughout the organization, since it was now embedded in its values, mission and vision statements and culture, allowing its integration in SFE's business strategy. They should mention the importance of Rob to formalize, legitimize and guide the commitment, alongside the creation of the transversal sustainability team, that not only further that commitment but also ensured that sustainability became spread across the whole company, allowing cross-functional coordination and creation of CSR responsibilities. After a thorough sustainability assessment, SFE built its Sustainability Strategy, creating a new purpose statement that further reinforced its identity. Furthermore, the company defined its 3 main objectives (Figure 4) in a comprehensive way that communicated its sustainability focus and progress. Mission 2025 set 10 measurable goals (Figure 5) for SFE to achieve until 2025, providing guidance, though it was aware that its CSR long-term plan would lead to more/different goals.

6) Implement a CSR-integrated strategic plan

Students should assess how for CSR implementation, managers and employees played an important role. Regarding employees, SFE engaged in several efforts (Appendix 3 to 6) to develop sustainability awareness, being internal communication key for this. Employees identifying themselves with SFE's identity was essential to move sustainability forward and disseminate its mission, potentiated by SFE's senior managers, most of them still part of the family, that transfer the sense of commitment into the company's culture. Students could suggest how Paul Symington's recognitions also present proof of that or how Rob once again was important to disseminate sustainability.

7) Communicate CSR Commitments and performance

Students should mention how SFE internally and externally disclosed CSR. Internally: internal sustainability reports, topic in teambuilding events, sharing relevant information on its intranet, such as important news about SFE's sustainability and promoting employees' suggestions on possible CSR improvements furthered overall sustainability beliefs. Externally, SFE improved

its website, creating an area just for sustainability with several information, used to inform stakeholders about objectives, goals and how SFE is progressing towards achieving them. It also used its social media to address the theme, plans on publicly sharing a sustainability report, alongside improving company presentations to bring social responsibility to the front, formalizing SFE's commitment to sustainability. SFE's understanding of the importance of communication-behavior alignment could be mentioned.

8) Evaluate CSR integrated strategies and communication

Students should be able to identify the different sources SFE used to assess CSR, such as benchmarking, internal sustainability reports, stakeholders audits, certifications that ensured the company follows required standards, alongside engaging with third-party consultants and assessments (B Impact Assessment), all helping to measure, sustain and improve outcomes. Students should tell how this assessment should be performed regularly, alternating between steps 4 and 8.

9) Institutionalize CSR

The instructor should take the lead back. Focusing on the literature he/she should discuss with students how important it was that by this stage social responsibility was institutionalized and integrated into all the elements of SFE's CI. If the process previous explained is developed with CI being a catalyst of CSR, over time the latter will gain its place at the heart of the business, as it happened to SFE. He/she should then trigger students to think about how B Corporation furthered that institutionalization, leading to the next assignment.

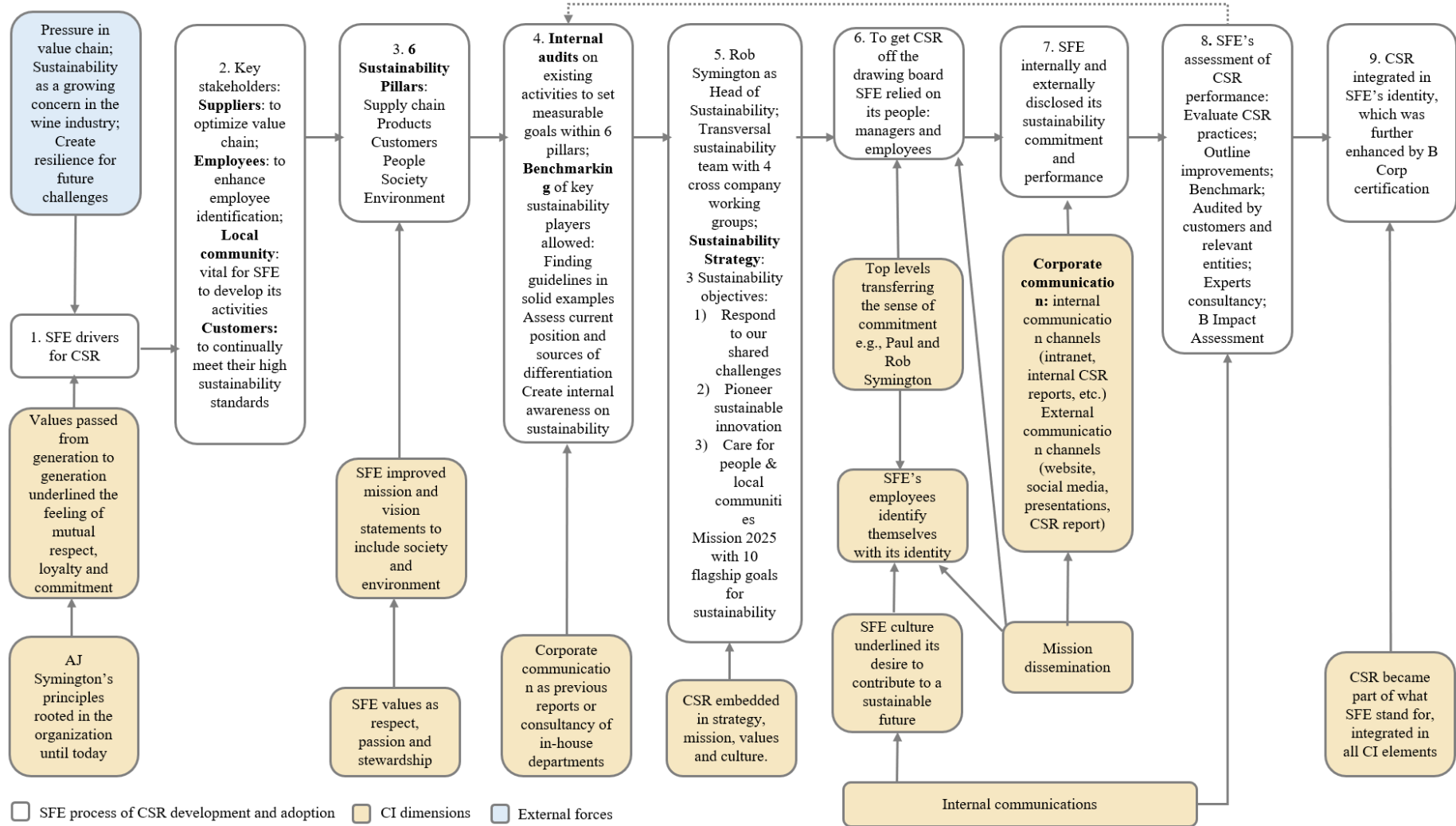


Figure 10: Scheme of SFE's implementation process of CSR supported by CI

4.5.2. What was the role of B Corp certification in SFE's identity?

This assignment should be completed in 25 minutes. As an introduction, the instructor can show the video "[B Corps Matter](#)", presenting the concept through visual means, aiming to facilitate its subsequent connection with the case. He/she should then explain how through the model presented in Figure 8, the class will assess the impact of B Corporation in CSR consolidation in SFE's identity. Students should first discuss in pairs and later give their insights for the analysis in the class discussion, clarified in the next subsections and Figure 11.

1) Adopting a new identity standard

Students should be able to comprehend that SFE is a case of identity integration regarding the B Corp inherent identity standard, as it positively affected SFE's self-image and decision-making process. The case study demonstrates how SFE regarded the certification as a validation of its responsible business practices as Conger et al. (2018) stated, and how the company assessed the possible value it could bring, analyzing costs and benefits, where eventually benefits surpassed the costs as it decided to engage in the certification. Students may give examples of material and symbolic benefits found in the case: material benefits – SFE regarding the certification as a formalized and comprehensive way to assess its CSR and as a means to acquire/retain valuable HR; and symbolic benefits – how it was perceived as a vehicle to stay relevant.

2) Reflexivity in response to disconfirming feedback

Students should understand that based on the information given, SFE's posture regarding disconfirming feedback provided by B Lab reflected openness to change and improvement, as the company applies the feedback received to improvement plans tackling relevant stakeholders/issues and regards it as an extensive benchmark that will help to further develop and strengthen its sustainability, which goes in favor with the literature that expresses how companies that internalized B Corp in their identity are more willing to assess their current activities based on the feedback provided.

3) Reevaluating prosocial opportunities

Students should first assess how SFE regarded the attractiveness and feasibility of improvement opportunities given by the certification, highlighting how SFE considered they would improve CSR mission and reinforce the company's shared value. For assessing the alignment between

employees and leaders, students can find evidence of that through the whole case, not only solely focusing on B Corp but also on SFE's culture, fueled by employees' and managers' behavior that promoted social responsibility and its progress. Nevertheless, the case study provides examples of how SFE worked towards getting everyone on board regarding B Corp (as Appendix 7). As to the power and legitimization benefits that B Corp category can bring, students should describe how SFE perceived the certification as an exposure to the best practices and world references, as well as a roadmap that would lead the company to stay on track regarding sustainability.

4) Opportunity outcomes

Students should identify SFE's path on opportunity to improve its social responsibility as of prosocial opportunity amplification. After analyzing the value that B Corp could bring, SFE engaged in the certification process where it achieved the certification and adopt it in its identity, benefiting from the feedback received to source improvements in its social responsibility, amplifying it. To wrap up, he/she should go back to CSR institutionalization, evidencing how B Corp membership assisted to root it even more in SFE's identity, by ensuring it stays on track and by making sustainability present in every decision the company does. B Corp certification furthers the commitment SFE holds and ensures stakeholders' inclusion, alongside underlining the long-term orientation social responsibility must have, not only catalyzed by CI but also getting to the point where it becomes rooted in it (Tourky et al., 2019).

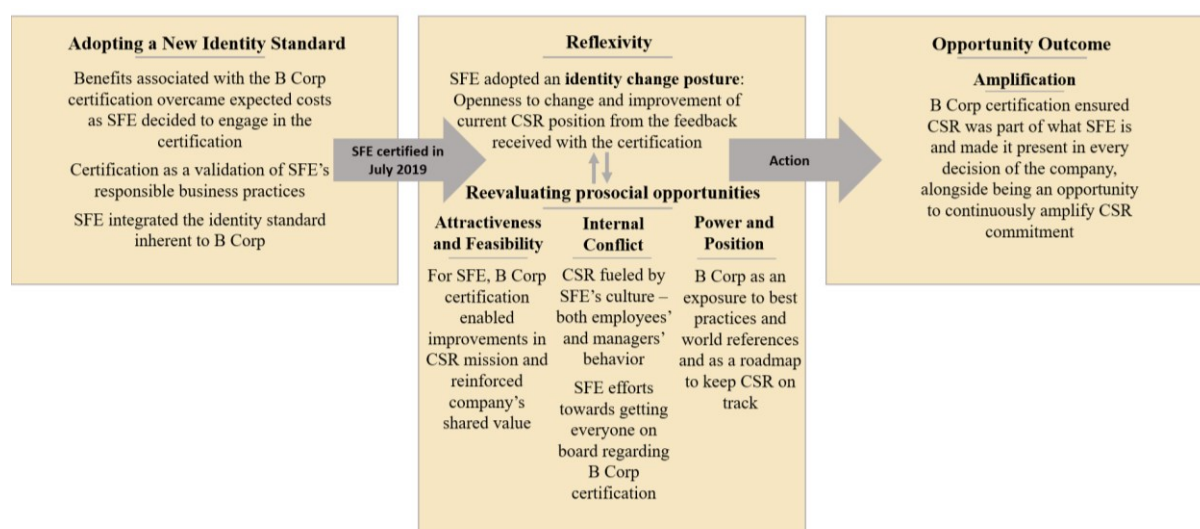


Figure 11: Scheme of SFE's posture regarding B Corp Certification

4.6. Class conclusion and Wrap up

In the last 10 minutes, the instructor should recall students on how with the analysis performed they were able to demonstrate a way for-profits can integrate social/environmental concerns: they have elaborated the multi-stage process SFE passed to implement and integrate CSR, with several procedures relying on CI, guaranteeing CSR integration at the heart of the business that was further enhanced by B Corp certification.

5. Conclusions

The goal of this thesis was to understand how a for-profit organization can engage in a process of hybridization. With this in mind, after gathering qualitative data, SFE's process of hybridization was described in the case study and analyzed through relevant literature. Several theoretical frameworks were applied (see Figures 9, 10 and 11) allowing a reasoned approach. It became fascinatingly clear that CSR is no longer solely justified by strategic or economic motives, but also due to internal desire that businesses have to become more sustainable, alongside creating shared value to meet stakeholders' needs and expectations. In fact, at the present time, companies constantly reinforce synergies between arenas that were in the past understood by trade-off relationships – economic, social and environmental (Haigh & Hoffman, 2014). It was also interesting to understand how this internal process made SFE engage in several procedures that ensured CSR was set at the forefront, aligned and integrated into the whole company, and comprehending how doing that supported by CI ensures alignment between profit and social/environmental purposes, characteristic of hybrids. The fact that this process was transversal to the whole organization was also essential to ensure CSR implementation and consequent integration. Moreover, the deep analysis of SFE's CSR integration in CI led to a further discussion regarding the outcomes for this integration of being certified as a B Corporation. It was curious to analyze the potential of B Corp certification to deep even more CSR commitment in SFE's identity, positively affecting its self-image and orienting its future. Regarding what the future holds for SFE, the company should strive to ensure that CSR remains a priority, thus guaranteeing that it receives the attention it deserves.

Past studies have shown the importance of understanding the compelling environment created by the entrance of hybrids in several industries (Haigh et al., 2015b). Yet, the window of opportunity to have a clearer view of the process a company undertakes to hybridize itself remains open for future research. Furthermore, companies are progressively engaging in the so-called B Economy. As a relatively new trend, B Corporations present an interesting field to enhance knowledge about, alongside its connection to other fields. Regarding this, the study is relevant firstly by helping to fill the gap in understanding how a for-profit company can hybridize itself and the implications it has on its identity, along with enlightening studies of the value B Corporation can bring to an organization (i.e., by furthering prosocial mission and boosting its integration). Secondly, although this is based on the example of one company and thus not representing the optimal process – as other companies with different paths and other processes may exist – it can indeed assist managers to guide their decisions toward more

coherent choices in the direction of hybridity, based on the real-life example of a company that is passing through this process, transversal to the whole company, giving meaningful insights on the matter. Indirectly, SFE passed through the stages present in the theoretical models to reach a point where its business is used as a force of good, making it a pertinent example.

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7. Appendixes

Appendix 1: A note on the Wine Industry and Sustainability

There is growing pressure around the world to make wine production more sustainable (Elin McCoy, 2019; OIV, 2017; Joy, 2019; Zhang, 2018). Environmentally, viticulture involves several undesirable impacts capable of damaging ecosystems (Joy, 2019; Zhang, 2018). The extensive use of agrichemicals capable of harming soils, water and biodiversity, required modifications in natural vegetation, habitat and topography and the intense water usage are identified as main concerns. Besides, unpredictable and destructive adversities coming from climate change present threats to this industry (Clarke, 2019). Socially, not only issues related with effects on social health from extensive viticulture (Joy, 2019) and wine overconsumption from consumers must be considered (Zhang, 2018), but also the need to develop strong links with local regions and communities affected by winemaking, as well as the shift of consumers' mindset, increasingly oriented to buy in purpose-driven companies that share their values (Joy, 2019). Also, as wineries in the world tend to be family-owned, aiming at creating a legacy brand, there is an increased preoccupation in leaving the business in better shape for future generations (Joy, 2019; Clarke, 2019).

At a country level, in countries such as France, New Zealand, Chile, Portugal and Spain, governments and organizations are pushing for socially responsible wine businesses, with the implementation of several certifications regarding vineyards sustainability and management, supporting biodiversity, soil health, water usage, air quality, energy, chemicals usage and social responsibility (OIV, 2017; Joy, 2019). Concepts as environmental stewardship, precision and collaborative viticulture emerged and came to stay.

At a company level, examples go from Dreaming Tree Wines in California, which donates a percentage of profits to environmental organizations, Fetzner Vineyards in Mendocino, the first US certified carbon neutral wine company, to Stellenbosch's Thandi wines in South Africa, the first fair-trade certified winery in the world for its social responsibility (McCoy, 2019).

As seen, several wine producers engaged in initiatives and processes to proactively make their businesses more socially responsible. Even though producing wine sustainably and having purposes beyond profit presented several challenges and costs, the industry was progressively acknowledging how this could bring many sustainability, risk management and marketing benefits, along with financial ones, as the Decanter article (2019) emphasizes, as well as Rob Symington's interview.

Portugal has been enhancing its position as a leader in mitigating sustainability threats related to climate change (Clarke, 2019). Following important sustainability-related events, such as the editions of Climate Change Leadership that brought renowned wine producers, climatologists and researchers to discuss and focus on solutions, the Porto Protocol emerged. It represents “a binding commitment by its signatories, from whatever sector, to make a greater contribution to mitigating climate change” (Porto Protocol, n.d.), connecting the wine industry with several related industries in a sharing environment. Moreover, the certification of SFE as a B Corporation clearly indicates further evidence of the good practices in the country (McCoy, 2019). It is the first certified winery in Portugal and one of the only 30 in the world. Also in the Douro Valley, vineyards offer habitat for multiple species including critically endangered species such as the black wheatear (Joy, 2019). Duorum is a project that emerged with the purpose of building conservation plans for these endangered species, enabling the preservation of natural habitats and ecosystems.

Appendix 2: Wine Industry Overview

After a generally poor wine production in 2017, 2018 was slowly healing the wounds caused by the previous year (OIV, 2019). The world wine market in total volume accounted for 28 160.7 ml in 2018, being Western Europe the biggest market for wine with 11 545.5 ml (Euromonitor, 2019). The International Organization of Vine and Wine (OIV) by considering the world wine market as the sum of exports of all countries, indicated modest growth in 2018, with a volume of 108 mhl (OIV, 2019). Portugal wine exports depicted 3 mhl, same volume as for 2017. However, in terms of value, there was a rise of 3.1%. 2018 marked the end of a growing world wine consumption since 2014, influenced mainly by a consumption decrease in China (18 mhl) and the UK (12.4 mhl), alongside a downward trend in wine production in 2017, felt in several countries (IVV, 2019; OIV, 2019). The USA (33 million hl) remained as the biggest wine consumer since 2011, followed by France and Italy, with 28.8 million hl and 22.4 million hl respectively. Portugal in 2018 consumed 5.5 mhl of wine, representing an increase since 2017 (5.2 mhl).

As for viticulture, the world area under vines was estimated to be 7 428 kha in 2018 (OIV, 2019). In Europe, viticulture in 2018 mostly stabilized. Concerning Portugal (192 kha), together with Moldavia, was one of the only two countries in Europe that saw its vineyard area decrease in 2018, with a 1.3 kha drop, largely caused by the grubbing-up of plots.

After a historically low value in world wine production of 249.8 mhl in 2017, 2018 looked promising with an increase of 42.5 mhl (292.3 mhl) (OIV, 2019). For most countries in Europe, a rise compared to 2017, mainly due to unfavorable weather conditions, was evident. Portugal (6.1 mhl) was part of the group marked by significant declines in their wine production, provoked by poor weather conditions. It had a 1.5 mhl fall mainly explained by the effects in the production of bouts of downy and powdery mildew. More specifically in the Douro region, even though it represents the biggest producing region in Portugal (21% of total wine production in 2018), it suffered a drop in comparison to 2017 (from 1 448 874 hl to 1 259 683 hl) (IVV, n.d.). This decrease was transversal to all regions, apart from Algarve and Alentejo. Fortified and port wine production dropped from 81 684 712 l to 79 192 521 l in 2018 (IVDP, n.d.).

More global information about the wine market, consumption, viticulture and production can be found in the tables below.

Table 1: World Wine Market of Wine

| Geography | Category | Data Type | Unit | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------|----------|--------------|----------------|----------|----------|----------|----------|----------|----------|
| World | Wine | Total Volume | million litres | 27 820,4 | 27 514,9 | 27 874,1 | 28 076,5 | 28 166,8 | 28 160,7 |
| Asia Pacific | Wine | Total Volume | million litres | 5 894,3 | 5 785,3 | 5 991,5 | 6 190,3 | 6 231,7 | 6 212,6 |
| Australasia | Wine | Total Volume | million litres | 657,7 | 662,5 | 669,5 | 678,4 | 689,1 | 704,1 |
| Eastern Europe | Wine | Total Volume | million litres | 2 933,3 | 2 785,5 | 2 702,6 | 2 679,1 | 2 709,5 | 2 761,1 |
| Latin America | Wine | Total Volume | million litres | 2 103,2 | 2 059,1 | 2 115,9 | 2 043,0 | 1 992,5 | 1 930,6 |
| Middle East and Africa | Wine | Total Volume | million litres | 965,3 | 1 010,6 | 1 052,8 | 1 088,5 | 1 131,4 | 1 179,7 |
| North America | Wine | Total Volume | million litres | 3 516,6 | 3 577,8 | 3 657,9 | 3 748,6 | 3 798,3 | 3 827,0 |
| Western Europe | Wine | Total Volume | million litres | 11 750,1 | 11 634,1 | 11 684,0 | 11 648,6 | 11 614,3 | 11 545,6 |

(Euromonitor, 2019)

Table 2: Main exporters of Wine

| | Volume (mhl) | | Value (m EUR) | |
|---------------|--------------|------|---------------|-------|
| | 2017 | 2018 | 2017 | 2018 |
| Spain | 23.0 | 21.0 | 2,861 | 2,916 |
| Italy | 21.5 | 19.7 | 5,952 | 6,148 |
| France | 14.9 | 14.1 | 9,083 | 9,336 |
| Chile | 9.8 | 9.3 | 1,773 | 1,680 |
| Australia | 7.8 | 8.6 | 1,773 | 1,829 |
| South Africa | 4.5 | 4.2 | 632 | 663 |
| Germany | 3.8 | 3.8 | 1,006 | 1,032 |
| United States | 3.5 | 3.5 | 1,307 | 1,226 |
| Portugal | 3.0 | 3.0 | 780 | 804 |
| Argentina | 2.2 | 2.8 | 713 | 674 |
| New Zealand | 2.6 | 2.6 | 1,060 | 1,011 |

(OIV, 2019)

Table 3: World Wine Consumption

| Pais / Ano | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Δ 2018-2017 | Δ 2018-2000 |
|-----------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|----------------|----------------|
| Estados Unidos | 21,2 | 21,3 | 22,5 | 23,8 | 24,8 | 25,9 | 26,7 | 27,9 | 27,7 | 27,3 | 27,6 | 28,3 | 29,2 | 30,8 | 30,6 | 30,9 | 31,7 | 32,6 | 33,0 | ▲ 1,2% | ▲ 55,7% |
| Franga | 34,5 | 33,9 | 34,8 | 34,1 | 33,2 | 33,5 | 33,0 | 32,2 | 30,8 | 30,2 | 29,3 | 28,3 | 28,0 | 27,8 | 27,5 | 27,3 | 27,1 | 27,0 | 26,8 | ▼ -0,7% | ▼ -22,3% |
| Itália | 30,8 | 30,2 | 27,7 | 29,3 | 28,3 | 27,0 | 27,3 | 26,7 | 26,2 | 24,1 | 24,6 | 23,1 | 22,6 | 20,8 | 19,5 | 21,4 | 22,4 | 22,6 | 22,4 | ▼ -0,9% | ▼ -27,3% |
| Alemanha | 20,2 | 20,0 | 20,3 | 19,7 | 19,8 | 19,8 | 20,2 | 20,8 | 20,7 | 20,2 | 20,2 | 19,7 | 20,3 | 20,4 | 20,3 | 20,5 | 20,2 | 19,7 | 20,0 | ▲ 1,5% | ▲ -0,7% |
| China | 10,7 | 11,0 | 11,4 | 12,0 | 12,1 | 12,3 | 13,0 | 13,9 | 14,0 | 14,5 | 15,8 | 16,3 | 17,1 | 16,5 | 15,5 | 16,2 | 17,3 | 19,3 | 18,0 | ▼ -6,7% | ▲ 68,3% |
| Reino Unido | 9,7 | 10,3 | 11,2 | 11,6 | 12,7 | 13,1 | 12,7 | 13,7 | 13,5 | 12,7 | 12,9 | 12,9 | 12,8 | 12,7 | 12,6 | 12,7 | 12,9 | 12,7 | 12,4 | ▼ -2,4% | ▲ 27,9% |
| Espanha | 14,0 | 14,2 | 14,0 | 13,8 | 13,9 | 13,7 | 13,5 | 13,1 | 12,2 | 11,3 | 10,9 | 10,0 | 9,9 | 9,8 | 9,8 | 9,8 | 9,9 | 10,5 | 10,7 | ▲ 1,9% | ▼ -23,8% |
| Argentina | 12,5 | 12,0 | 12,0 | 12,3 | 11,1 | 11,0 | 11,1 | 11,2 | 10,7 | 10,3 | 9,8 | 9,8 | 10,1 | 10,4 | 9,9 | 10,3 | 9,4 | 8,9 | 8,4 | ▼ -5,6% | ▼ -32,8% |
| Federação Russa | 4,7 | 6,1 | 6,4 | 8,7 | 9,2 | 9,8 | 11,3 | 12,7 | 11,8 | 10,4 | 12,2 | 12,2 | 11,3 | 10,4 | 9,6 | 9,2 | 9,1 | 11,1 | 11,9 | ▲ 7,2% | ▲ 153,2% |
| Austrália | 3,9 | 4,0 | 4,0 | 4,2 | 4,4 | 4,5 | 4,6 | 4,9 | 4,9 | 5,1 | 5,4 | 5,3 | 5,4 | 5,4 | 5,4 | 5,5 | 5,4 | 5,9 | 6,3 | ▲ 6,8% | ▲ 61,6% |
| Portugal | 4,6 | 4,7 | 4,7 | 5,3 | 4,9 | 4,9 | 4,8 | 4,5 | 4,5 | 4,5 | 4,7 | 4,7 | 5,0 | 4,2 | 4,3 | 4,8 | 4,7 | 5,2 | 5,5 | ▲ 5,8% | ▲ 19,7% |
| Canadá | 2,8 | 2,8 | 2,9 | 3,4 | 3,6 | 3,7 | 4,0 | 4,0 | 4,0 | 4,1 | 4,3 | 5,0 | 5,0 | 4,9 | 4,6 | 4,8 | 5,0 | 5,0 | 4,9 | ▼ -2,0% | ▲ 77,8% |
| África do Sul | 3,9 | 3,9 | 3,9 | 3,5 | 3,5 | 3,4 | 3,4 | 3,6 | 3,6 | 3,4 | 3,5 | 3,5 | 3,6 | 3,7 | 4,0 | 4,3 | 4,4 | 4,5 | 4,3 | ▼ -4,4% | ▲ 10,5% |
| Roménia | 5,2 | 4,7 | 5,0 | 5,1 | 5,8 | 2,4 | 5,5 | 5,5 | 5,4 | 4,0 | 1,6 | 4,1 | 4,3 | 4,6 | 4,7 | 4,0 | 3,8 | 4,1 | 4,5 | ▲ 9,8% | ▼ -13,7% |
| Grécia | 2,9 | 2,9 | 2,5 | 3,1 | 3,3 | 3,6 | 3,2 | 3,3 | 3,2 | 3,0 | 3,2 | 2,9 | 3,1 | 3,0 | 2,6 | 2,4 | 2,3 | 2,3 | 2,1 | ▼ -8,7% | ▼ -26,6% |
| Outros | 44,5 | 46,0 | 46,9 | 47,1 | 48,4 | 50,3 | 52,7 | 57,1 | 57,8 | 56,0 | 56,7 | 55,9 | 56,6 | 57,1 | 54,9 | 54,4 | 55,3 | 54,8 | | ▼ -0,9% | ▲ 23,1% |
| Total | 226 | 228 | 230 | 237 | 239 | 239 | 247 | 255 | 251 | 243 | 242 | 243 | 244 | 242 | 238 | 239 | 240 | 247 | 246 | ▼ -0,3% | ▲ 8,8% |

(IVV, 2019)

Table 4: Area under vines in main wine-producing countries

| | 2017 ^b | 2018 ^c | 2018/2017 Variation in % |
|------------------|-------------------|-------------------|--------------------------------|
| <i>kha</i> | | | |
| Spain | 968 | 969 | 0.1% |
| China (mainland) | 865 | 875 | 1.2% |
| France | 788 | 789 | 0.2% |
| Italy | 696 | 702 | 0.8% |
| Turkey | 448 | 448 | 0.0% |
| United States | 435 | 430 | -1.2% |
| Argentina | 222 | 219 | -1.3% |
| Chile | 213 | 212 | -0.6% |
| Portugal | 194 | 192 | -0.7% |
| Romania | 191 | 191 | 0.0% |
| Iran* | 153 | 153 | 0.0% |
| Moldova | 151 | 147 | -2.8% |
| India* | 147 | 147 | 0.0% |
| Australia | 145 | 145 | 0.0% |
| South Africa | 128 | 125 | -2.0% |
| Uzbekistan* | 111 | 111 | 0.0% |
| Greece | 106 | 106 | 0.0% |
| Germany | 103 | 103 | 0.3% |
| Russia* | 88 | 88 | 0.0% |
| Brazil | 84 | 82 | -2.7% |
| Hungary | 68 | 69 | 0.5% |
| Bulgaria | 64 | 64 | 0.7% |
| Austria | 48 | 48 | -0.3% |
| New Zealand | 39 | 39 | 0.6% |
| Mexico | 34 | 34 | 1.7% |
| Switzerland | 15 | 15 | -0.3% |
| Other countries | 925 | 927 | 0.2% |
| World | 7,428 | 7,429 | 0.0% |

(OIV, 2019)

Table 5: Main wine producers (excluding juice and musts)

| <i>mhl</i> | 2013-2017 Average | 2017 ^b | 2018 ^c | 2018/2017 Variation in % |
|----------------------------|----------------------|-------------------|-------------------|--------------------------------|
| Italy | 48.3 | 42.5 | 54.8 | 28.9% |
| France | 43.5 | 36.4 | 49.1 | 34.8% |
| Spain | 38.9 | 32.5 | 44.4 | 36.7% |
| United States ^d | 23.2 | 23.3 | 23.9 | 2.3% |
| Argentina | 13.0 | 11.8 | 14.5 | 22.8% |
| Chile | 11.0 | 9.5 | 12.9 | 35.9% |
| Australia | 12.6 | 13.7 | 12.9 | -6.1% |
| Germany | 8.6 | 7.5 | 9.8 | 30.7% |
| South Africa | 11.0 | 10.8 | 9.5 | -12.5% |
| China (mainland) | 13.1 | 11.6 | 9.3 | -20.0% |
| Russia | 5.4 | 6.3 | 6.5 | 3.0% |
| Portugal | 6.4 | 6.7 | 6.1 | -10.0% |
| Romania | 4.0 | 4.3 | 5.1 | 17.9% |
| Hungary | 2.8 | 3.2 | 3.6 | 14.6% |
| Brazil | 2.6 | 3.6 | 3.1 | -13.2% |
| New Zealand | 2.8 | 2.9 | 3.0 | 5.8% |
| Austria | 2.2 | 2.5 | 2.8 | 10.8% |
| Greece | 2.7 | 2.6 | 2.2 | -15.4% |
| Moldova | 1.8 | 1.8 | 1.9 | 5.5% |
| Switzerland | 0.9 | 0.8 | 1.1 | 40.4% |
| Bulgaria | 1.3 | 1.1 | 1.0 | -3.6% |
| Other countries | 14.8 | 14.5 | 15.0 | 3.4% |
| World total | 270.9 | 249.8 | 292.3 | 17.0% |

(OIV, 2019)

Appendix 3: SFE corporate communication (Document provided by SFE)



Appendix 4: SFE corporate communication (Document provided by SFE)

ESTRATÉGIA DE SUSTENTABILIDADE

O NOSSO COMPROMISSO COM O FUTURO

Estamos confrontados com desafios ambientais, bem reais e bem urgentes, desafios que afetam o futuro de toda a vida na terra. É nossa responsabilidade adaptar a operação da nossa empresa de modo a apoiar um futuro saudável e viável.

OBJETIVOS



RESPONDER AOS DESAFIOS PARTILHADOS

- › Caminhar em direção a zero emissões de carbono
- › Adaptar às alterações climáticas
- › Promover e proteger a biodiversidade
- › Apoiar a regeneração e reflorestação dos ecossistemas locais



ESTAR NA DIANTEIRA DA INOVAÇÃO SUSTENTÁVEL

- › Liderar nas melhores práticas de viticultura e enologia
- › Utilizar embalagens recicláveis e de baixo impacto
- › Minimizar o impacto de edifícios e adegas



CUIDAR DAS NOSSAS PESSOAS E COMUNIDADES LOCAIS

- › Ser um ótimo empregador
- › Criar oportunidades para a próxima geração
- › Advogar a segurança económica das comunidades onde trabalhamos


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Appendix 5: SFE corporate communication (Document provided by SFE)



Appendix 6: SFE corporate communication (Document provided by SFE)

QUEREMOS AS VOSSAS IDEIAS! COMO?



1. PROPOR UMA IDEIA

VITICULTURA & BIODIVERSIDADE OBJETIVOS:

- Promover uma viticultura sustentável
- Adaptar às alterações climáticas
- Proteger a biodiversidade

ENERGIA, ÁGUA E CONSTRUÇÃO OBJETIVOS:

- Reduzir a pegada de carbono
- Aumentar a eficiência dos recursos

EMBALAGEM E EFLUENTES OBJETIVOS:

- Liderar a revolução do packaging
- Minimizar resíduos e poluição

EQUIPA E COMUNIDADE LOCAL OBJETIVOS:

- Ser um ótimo empregador
- Contribuir para o bem-estar das nossas regiões

2. PARTICIPAR NO CONCURSO



3. GANHAR PRÉMIOS!

As 10 melhores ideias, avaliadas pelo Grupo de Sustentabilidade, receberão um prémio adicional.




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Appendix 7: SFE corporate communication (Document provided by SFE)

CERTIFICAÇÃO BCORP



Certified
B
Corporation™

Uma Comunidade Global de Líderes

| | | | |
|---|---|---|---|
| 2788 Companhias | 64 Países | 150 Indústrias | 1 Objetivo Global |
|  |  |  |  |



Um novo tipo de negócio - um movimento global de empresas que usam a atividade empresarial como uma força para o bem.



Um compromisso legal - considerar o impacto das decisões da empresa sobre os colaboradores, clientes, fornecedores, comunidade e meio ambiente.



Uma comunidade de líderes - dedicados a equilibrar propósito e lucro, para maximizar o impacto positivo.



Uma certificação rigorosa - empresas BCorp são auditadas segundo padrões elevados de desempenho social e ambiental, responsabilidade e transparência.





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